

Chairman Levitt specifically testified at the Finance Subcommittee's March 18, 1999, hearing on this bill that he did not believe that transparency harmed liquidity.

"Mr. OXLEY. Do you support giving investors bond prices at real time? There's some argument that doing so may affect liquidity." "Mr. LEVITT. I think that transparency is good for liquidity. I reject the notion that it is bad for liquidity. I think a market that is open, transparent, available to anyone who wants to access that market is a market that throughout the history of markets has attracted the greatest amount of interest. I believe that, while real time is a goal, it's certainly one that is realizable, and I am supportive of moving in that direction." (Serial No. 106-8 at 12).

However, the Commission has been sensitive to similar concerns in other contexts and can be relied on to reach an appropriate balance between liquidity concerns and the value of transparency. This was the conclusion of the Committee in its unanimous decision to give the SEC this responsibility. I believe it is echoed in the resounding 333-1 vote of the House in favor of passing H.R. 1400 (H4135, 1st paragraph, 1st column).

The BMA document's partial quotation, "the Commission shall take into consideration . . . private sector systems for the collection and distribution of transaction information on corporate debt securities," omits the significant phrase "among other things." I strongly support private sector initiatives and solutions, where appropriate and effective. I believe that the purpose of this phrase in H.R. 1400 is to give the Commission flexibility to assure the effectiveness of transaction reporting by looking at and to the entire landscape, both private and government. It is not a mandate that there be competition beyond that already required under section 11A of the Exchange Act which requires actions that "foster efficiency, enhance competition, increase the information available to brokers, dealers, and investors, facilitate the offsetting of investors' orders, and contribute to best execution of such orders" (H4135, 2nd paragraph, 1st column).

I. SUMMARY OF FINDINGS

Overall we believe the debt markets are functioning well. Of the market segments we reviewed, U.S. Treasury securities and other Federal Agency bonds are the most actively traded and are also the most transparent and efficient. We found no evidence in those markets that dealers have a substantial advantage compared to institutional clients in terms of market knowledge. Other market segments function effectively as well, though some are distinctly less transparent and efficient than the government securities markets. Specifically, we found that:

The markets for "benchmark" U.S. Treasury bonds are highly transparent. Bids, offers and trade prices from the interdealer market are widely available through interdealer broker ("IDB") screens, GovPX, Bloomberg and other vendors.

Other Treasury and Federal Agency bonds, which trade in a relatively stable relationship to benchmark Treasuries, are ordinarily traded in terms of a basis point spread from the Treasury yield curve set by the benchmark bonds. Quotes in frequently traded securities are widely available, although the spreads are not as narrow as those for benchmark Treasuries. GovPX and others produce "valuations" on a real time basis for securities that do not have current dealer quotes. The combination of real time data for benchmark Treasuries and supplementary quotes

and other information for the other securities appears to provide a very good level of pricing information for all government bonds.

Mortgage Backed Securities ("MBS", and other structured products such as Collateralized Mortgage Obligations ("CMOs") and Asset Backed Securities ("ABS") are primarily high credit quality securities with complex structures. Values are largely determined by a) the Treasury yield curve, b) the structure of the particular instrument, and c) the relationship of similar instruments to the Treasury yield curve. The relationship to Treasuries is established by markets in generic forward contracts called TBAs ("to be announced") for which current dealer quotes are available from IDBs, Bloomberg and other vendors. Relatively sophisticated analytical tools to value MBS, CMOs, and ABS are available from Bloomberg, Bridge and other vendors. Dealers and some institutional investors have in-house analytical models as well. At least two services make such tools available over the Internet. Overall, the quality of pricing information and interpretive tools available to the market is good.

High yield corporate bonds generally do not have a stable relationship to Treasuries. Therefore, the transparency of the Treasury market does not imply known values for high yield bonds. Interdealer trading is facilitated by IDBs, but prices are not shown on screens. Dealer indicated prices for selected securities generally are transmitted to customers each day by fax and/or e-mail. Overall, the quality of pricing information available in the market for high yield corporate bonds is relatively poor, although dealers do not appear to enjoy a great advantage over their institutional clients.

Investment grade corporate bonds fall between high yield corporates and government bonds both in credit quality and in terms of the quality of pricing information available. They are generally traded in terms of a spread from Treasuries but the relationship is less stable than for non-benchmark Treasuries and Federal Agency bonds. As with high yield corporates, interdealer trading is facilitated by IDBs but prices are not shown on IDB screens. "Investment grade" covers a spectrum of quality and the sensitivity of a bond's price to company or industry specific development tends to increase with lower credit quality. Similarly, the quality of pricing information available for investment grade bonds may be described as ranging from fairly good to fair.

Convertible bonds are not ordinarily traded in fixed income departments. Their close relationship to equity is demonstrated by the fact that both buy and sell side firms typically trade convertible securities (including convertible preferred) in their equity trading departments.

Municipal bonds also do not trade in a close relationship to Treasuries although Treasury prices are certainly very important. The municipal market has become somewhat more commoditized in recent years with more new issues carrying credit insurance. However, this market is highly fragmented—and is characterized by an extremely large number of issues and issuers with a relatively small trading volume, and is highly regionalized. This is a market in which there are few real prices in comparison to the number of different securities. As a result, many securities are difficult to value either for portfolio valuation or trading. All market participants are impacted, but unlike other market segments, retail investors represent an important part of the municipal market (roughly 30% of holdings). The nature of the municipal market is such that price discovery is necessarily difficult,

but the MSRB's transparency efforts will improve the distribution of prices, and will also provide the tools that the NASD requires to assure that the municipal market is fair.

Dollar denominated foreign sovereign debt securities, particularly from emerging markets, also do not trade in a close relationship to Treasuries. There are approximately 10 major dealers in this market. Brady bonds, which were largely responsible for the development of this market, now account for less than half of its trading volume and are declining steadily in significance. Interdealer trading is facilitated by IDBs and real time quotes and transaction prices for many of these securities are provided by EDB screens to the dealer community, but are not generally available outside that group. End-of-day prices are readily available.

Electronic trading of bonds is rapidly becoming a reality, though its ultimate impact is far from clear. There are several single dealer systems in operation, most of them accessible through Bloomberg terminals, offering some form of electronic trading of Treasury securities. Some also offer Federal Agency securities and at least one offers municipal and mortgage backed securities as well. One multi-dealer system, Trade Web, is currently in operation with five sponsoring dealers. Bloomberg, which provides access to several single dealer systems, is preparing to offer a more integrated facility providing access to the quotes of all participating dealers on a single screen. Several other electronic bond trading systems are known to be under development, including at least one that will focus on high yield corporate bonds. A recent survey by the Bond Market Association. ("TBMA") shows that there is a consensus in the industry that electronic execution in some form will be common within a few years.

REMEMBERING RABBI SENDER
DEUTSCH, A'H

HON. JERROLD NADLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1999

Mr. NADLER. Mr. Speaker, I rise to honor the memory of Rabbi Sender Deutsch, a'h, who served, for the past four decades, as the editor and publisher of the influential Yiddish Language newspaper *Der Yid*, and as Vice President of the Satmar community. Reb Sender Deutsch, as he was affectionately known, was a survivor of the Holocaust and was the right hand of the previous Grand Rebbe of Satmar, Rabbi Joel Teitelbaum, z'tl, and the present Grand Rebbe, Rabbi Moses Teitelbaum, Shlita.

Reb Sender, who was 76, and who passed away on September 2, 1998, was laid to rest in the community of Kiryas Yoel, in Monroe, N.Y. He is survived by his wife, three sons, three daughters, grandchildren and great grandchildren. He will be remembered as a compassionate man, a great scholar, and an orator of exceptional skill.

As the Editor of *Der Yid*, Reb Sender was often considered the voice of the Satmar community, and an influential voice in the Chassidic community at large. He was the main speaker at almost all functions organized by the Satmar community worldwide, and on many occasions he traveled the world as an emissary of the Grand Rebbe and the community. He was the author of a three volume history in Yiddish of the Second World War and

the tragic fate of world Jewry during that period. He also served as the vice president of the Satmar Jewish school system, United Talmudical Academy and Beth Rachel School with an enrollment of over 18,000 students, the largest Jewish school system in the United States and worldwide.

Mr. Speaker, my neighbors in Brooklyn join with the many thousands of people around the world whose lives were touched and benefited by the life and work of Reb Sender Deutsch, in honoring his memory and his life of extraordinary accomplishment and dedication to learning. It is an example which I believe all Americans will find inspiring and beneficial.

FREEDOM TO CHOOSE A UNION

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1999

Mr. SCHAFFER. Mr. Speaker, in America, no citizen should be forced to join an organization and pay dues against their will. Amazingly, Federal law actually grants private labor unions the authority to speak and act on behalf of otherwise free Americans with respect to their jobs, their wages, the terms of their employment and their choices at the ballot box. The law also empowers unions to make political decisions and even cash political contributions to various political causes regardless of whether the worker consents.

The Colorado General Assembly has urged this Congress to repeal these unfair federal laws. A resolution sponsored by State Representative Mark Paschell, and State Senator Jim Congrove has passed both Houses of the State Legislature and as such constitutes my State's official policy on this important matter.

Mr. Speaker, I commend Representative Paschell, and Senator Congrove for their bold leadership and urge my colleagues to follow the suggestions contained in Colorado's House Joint Resolution 99-1032 which I hereby submit for the RECORD.

HOUSE JOINT RESOLUTION 99-1032

Whereas, The "National Labor Relations Act", 29 U.S.C. sec. 159(a), grants certified labor organizations the authority to represent and contractually bind all employees in a bargaining unit, including those employees who prefer not to join, financially support, or be represented by a labor organization; and

Whereas, Some union officials consider this federally granted "exclusive representation" an unfair arrangement under state legislation that bans the mandatory collection of a service or other such fee from nonunion employees; and

Whereas, The General Assembly of the state of Colorado agrees that bargaining agreements negotiated by a labor organization should cover or bind only those employees who join or financially support such labor organizations; and

Whereas, The General Assembly believes that employees who choose not to join or financially support a labor organization should not be bound by the provisions of such labor organization's collective bargaining agreement, nor should they be required to accept such labor organization as their bargaining representative; now, therefore, be it

Resolved by the House of Representatives of the Sixty-second General Assembly of the State of Colorado, the Senate concurring herein:

That the General Assembly of the state of Colorado strongly urges the Congress of the United States to repeal all provisions of federal law that allow or require a labor organization to represent employees who choose not to join or financially support such labor organization. Be it

Further Resolved, That copies of this resolution be sent to the Speaker of the House of Representatives, J. DENNIS HASTERT, Senate Majority Leader, TRENT LOTT, House Minority Leader, RICHARD GEPHARDT, Senate Minority Leader, THOMAS DASCHLE, and each member of the Colorado congressional delegation.

TRIBUTE TO RETIRING FOOTBALL COACH GIL RECTOR

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1999

Mr. SKELTON. Mr. Speaker, it has come to my attention that after 31 years, five Missouri state championships, 10 Missouri River Valley Conference Championships, and 13 district titles, Gil Rector of Lexington, Missouri, is retiring as Lexington High School's Head Football Coach.

Coach Rector came to Lexington in 1965 as a student teacher. Upon graduation, he moved to Carrollton where he worked as an assistant coach until 1968. He returned to Lexington as head football coach during the 1968-69 school year, upon the retirement of William "Bill" Hamann. Over the years, Coach Rector has coached many young men on the fundamentals of football and how to become champions. One of the many highlights of his career was in 1980 when the Lexington Minutemen won the State Championship. Lexington High School had been denied a shot at the state title the previous year, despite an undefeated season, because of a point system which kept the team from qualifying for the State Championship. In 1980, the team continued its winning streak, going on to win a co-championship with John Burroughs High School of St. Louis, Missouri.

Coach Rector knows exactly what it takes to have a competitive program. His statistics include a 25 game winning streak from 1975-81. This accomplishment is the longest streak in the history of Lexington Football, and is still untouched by any other team in the Missouri River Valley Conference.

Mr. Speaker, Coach Rector was a winner who will be sorely missed by all who knew him at Lexington High School. I know the Members of the House will join me in paying tribute to this fine Missourian.

CONDEMNING THE NATIONAL ISLAMIC FRONT (NIF) GOVERNMENT

SPEECH OF

HON. GREGORY W. MEEKS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1999

Mr. MEEKS of New York. Mr. Speaker, I rise in strong support of House Concurrent Resolution 75 which condemns the National

Islamic Front (NIF) Government for its genocidal war in Southern Sudan, their support of terrorism and for its gross human rights violations. I want to thank the Chairman, Mr. ROYCE, and ranking member, Mr. PAYNE, of the Africa subcommittee for bringing this resolution to the attention of Congress and to the world.

Over the past fifteen years some 1.9 million people are dead because of the barbaric and inhumane treatment of the people of Southern Sudan. 1.9 million people have suffered from starvation and famine, which the National Islamic Front Government has allowed millions of people to be sold into slavery.

We, as Americans, cannot afford to turn our backs on the people of Sudan in their time of need. We cannot turn our backs on the dark reality of slavery in the 21st century. We must continue to support the Operation Lifeline Sudan (OLS) efforts in providing humanitarian relief and most importantly food to the people of southern Sudan. We must show that we are very much concerned about our brothers and sisters in Sudan as we are of our brothers and sisters in Kosovo. We must continue to do what is the morally and just thing to do. For genocide is genocide no matter where it happens. I urge my colleagues to show their compassion and support to the people of Sudan and vote "yes" on this resolution.

IN SPECIAL RECOGNITION OF REVEREND DR. CLARENCE KEATON

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1999

Mr. TOWNS. Mr. Speaker, I rise today to recognize Reverend Dr. Clarence Keaton because of his dedication to spreading the gospel. The creation of a man of God involves a divine process. God prepares a man from birth for the work of the gospel and equips him with the necessary tools to perform the task. Once a man receives the proper preparation, God identifies that man's spiritual calling. In 1975, God called Reverend Dr. Keaton and anointed him to teach the gospel. In following the direction of God, this man became the pastor and founder of the True Worship Church Worldwide Ministries. True Worship opened on November 24, 1985 with only a few members.

In laboring to win souls, this man of God envisioned developing a ministry in an area that other individuals avoid because they fail to recognize the magnificence of God. In spite of those that doubted the power of the gospel, Reverend Dr. Keaton persevered in his efforts to reach out to young people. Today there are 1000 members of True Worship. The diligence, sincerity, and compassion of this man helped many youth develop a closer relationship with Christ. Over a period of fourteen years, the Reverend Dr. Keaton established a ministry that is the pillar for many communities.

The work of Reverend Dr. Keaton includes a staff of 21 ministers and evangelists who focus on using spiritual strength and knowledge to address social problems that plague our communities. These ministries include: a social service department, a computer training program, a beautiful children's ministry, a successful youth department, an 86 voice youth choir, a training course in sign language, a